

**QATAR FUEL Q.S.C. (“WOQOD”)**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**31 December 2011**

# QATAR FUEL Q.S.C. (“WOQOD”)

## Consolidated financial statements For the year ended 31 December 2011

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## Consolidated statement of financial position

As at 31 December 2011

In Qatari Riyals

	Note	31 December 2011	31 December 2010
<b>Assets</b>			
Property, plant and equipment	6	1,645,464,974	1,388,591,418
Available-for-sale financial assets	7	374,000,778	225,004,874
Goodwill	8	132,935,132	132,935,132
<b>Total non-current assets</b>		<b>2,152,400,884</b>	<b>1,746,531,424</b>
Inventories	9	250,216,533	197,991,082
Due from related parties	10.a	61,610,732	61,225,057
Trade receivables	11	1,644,559,918	1,176,825,384
Prepayments and other receivables	12	100,257,899	67,601,023
Cash and bank balances	13	2,749,324,581	2,903,458,119
<b>Total current assets</b>		<b>4,805,969,663</b>	<b>4,407,100,665</b>
<b>Total assets</b>		<b>6,958,370,547</b>	<b>6,153,632,089</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	415,800,000	346,500,000
Legal reserve	15	382,831,792	382,831,792
General reserve		30,078,234	30,078,234
Fair value reserve		49,755,297	63,881,291
Retained earnings		3,934,474,269	3,195,651,398
<b>Total equity attributable to the Shareholders of the Company</b>		<b>4,812,939,592</b>	<b>4,018,942,715</b>
<b>Non-controlling interest</b>		<b>282,533,354</b>	<b>218,101,278</b>
		<b>5,095,472,946</b>	<b>4,237,043,993</b>
<b>Liabilities</b>			
Due to a related party	10.b	-	33,818,533
Provisions	16	-	100,000,000
Employees' end of service benefits		43,985,179	33,361,611
<b>Total non-current liabilities</b>		<b>43,985,179</b>	<b>167,180,144</b>
Payables and accruals	17	288,848,542	173,993,911
Due to a related party	10.b	1,530,063,880	1,575,414,041
<b>Total current liabilities</b>		<b>1,818,912,422</b>	<b>1,749,407,952</b>
<b>Total liabilities</b>		<b>1,862,897,601</b>	<b>1,916,588,096</b>
<b>Total equity and liabilities</b>		<b>6,958,370,547</b>	<b>6,153,632,089</b>

These consolidated financial statements were approved and signed on behalf of the Board of Directors by the following:

**H.E Abdulla Bin Hamad Al Attiyah**  
Chairman and  
President Of The Administrative  
Control And Transparency Authority

**Mr. Mohamed Turki Al-Sobai**  
Vice Chairman  
and Managing Director

**Mr. Khalil Hassan Makki**  
Finance Manager

The attached notes from 1 to 29 form an integral part of these consolidated financial statements.

## Consolidated income statement

For the year ended 31 December 2011

In Qatari Riyals

	Note	For the year ended 31 December 2011	For the year ended 31 December 2010
Revenue	18	10,504,360,089	7,662,813,981
Cost of sales		(8,832,337,668)	(6,042,511,358)
<b>Gross profit</b>		<b>1,672,022,421</b>	1,620,302,623
Other income	19	168,346,303	196,188,574
General and administrative expenses	20	(630,628,424)	(544,698,524)
Reversal of provision / (provision) for litigation	16	100,000,000	(100,000,000)
Impairment losses	21	(20,685,353)	(2,826,143)
<b>Profit for the year</b>		<b>1,289,054,947</b>	1,168,966,530
<i>Attributable to:</i>			
Shareholders of the Company		1,154,622,871	1,074,159,882
Non-controlling interest		134,432,076	94,806,648
		<b>1,289,054,947</b>	1,168,966,530
<b>Basic and diluted earnings per share</b>	22	<b>27.77</b>	25.83

The attached notes from 1 to 29 form an integral part of these consolidated financial statements.

**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2011**

**In Qatari Riyals**

	Note	For the year ended 31 December 2011	For the year ended 31 December 2010
<b>Profit for the year</b>		<b>1,289,054,947</b>	1,168,966,530
<b>Other comprehensive income</b>			
Net change in fair value of available-for-sale financial assets	7	(14,125,994)	(11,533,429)
<b>Total comprehensive income for the year</b>		<b>1,274,928,953</b>	1,157,433,101
<i>Attributable to:</i>			
Shareholders of the Company		1,140,496,877	1,062,626,453
Non-controlling interest		134,432,076	94,806,648
		<b>1,274,928,953</b>	1,157,433,101

The attached notes from 1 to 29 form an integral part of these consolidated financial statements.

**Consolidated statement of changes in equity  
For the year ended 31 December 2010**

**In Qatari Riyals**

	Equity attributable to Shareholders of the Company						Non-controlling interest	Total equity
	Share capital	Legal reserve	General reserve	Fair value reserve	Retained earnings	Total		
Balance at 1 January 2010	315,000,000	307,596,682	30,078,234	75,414,720	2,467,991,516	3,196,081,152	172,291,950	3,368,373,102
Prior year adjustment	-	75,235,110	-	-	-	75,235,110	-	75,235,110
Restated balance at 1 January 2010	315,000,000	382,831,792	30,078,234	75,414,720	2,467,991,516	3,271,316,262	172,291,950	3,443,608,212
Total comprehensive income for the year								
Profit for the year	-	-	-	-	1,074,159,882	1,074,159,882	94,806,648	1,168,966,530
Net change in fair value of available-for-sale financial assets	-	-	-	(11,533,429)	-	(11,533,429)	-	(11,533,429)
Total comprehensive income for the year	-	-	-	(11,533,429)	1,074,159,882	1,062,626,453	94,806,648	1,157,433,101
<i>Transactions with owners of the Company recognized directly in equity</i>								
Issue of bonus shares (Note 14)	31,500,000	-	-	-	(31,500,000)	-	-	-
Cash dividend paid for 2009	-	-	-	-	(315,000,000)	(315,000,000)	-	(315,000,000)
Dilution of non-controlling interest	-	-	-	-	-	-	1,002,680	1,002,680
Dividend paid to non-controlling interest by a subsidiary	-	-	-	-	-	-	(50,000,000)	(50,000,000)
Total transactions with owners of the Company	31,500,000	-	-	-	(346,500,000)	(315,000,000)	(48,997,320)	(363,997,320)
Balance at 31 December 2010	346,500,000	382,831,792	30,078,234	63,881,291	3,195,651,398	4,018,942,715	218,101,278	4,237,043,993

The attached notes from 1 to 29 form an integral part of these consolidated financial statements.

**Consolidated statement of changes in equity  
For the year ended 31 December 2011**

**In Qatari Riyals**

Equity attributable to Shareholders of the Company								
Share capital	Legal Reserve	General reserve	Fair value reserve	Retained earnings	Total	Non-controlling interest	Total equity	
Balance at 1 January 2011	346,500,000	382,831,792	30,078,234	63,881,291	3,195,651,398	4,018,942,715	218,101,278	4,237,043,993
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	1,154,622,871	1,154,622,871	134,432,076	1,289,054,947
Net change in value of available-for-sale financial assets	-	-	-	(14,125,994)	-	(14,125,994)	-	(14,125,994)
<b>Total comprehensive income for the year</b>	-	-	-	<b>(14,125,994)</b>	<b>1,154,622,871</b>	<b>1,140,496,877</b>	<b>134,432,076</b>	<b>1,274,928,953</b>
<i>Transactions with owners of the Company recognized directly in equity</i>								
Issue of bonus shares (Note 14)	69,300,000	-	-	-	(69,300,000)	-	-	-
Cash dividends paid for 2010 (Note 23)	-	-	-	-	(346,500,000)	(346,500,000)	(70,000,000)	(416,500,000)
<b>Total contribution and distributions to the owners of the Company</b>	<b>69,300,000</b>	-	-	-	<b>(415,800,000)</b>	<b>(346,500,000)</b>	<b>(70,000,000)</b>	<b>(416,500,000)</b>
<b>Balance at 31 December 2011</b>	<b>415,800,000</b>	<b>382,831,792</b>	<b>30,078,234</b>	<b>49,755,297</b>	<b>3,934,474,269</b>	<b>4,812,939,592</b>	<b>282,533,354</b>	<b>5,095,472,946</b>

The attached notes from 1 to 29 form an integral part of these consolidated financial statements.

**Consolidated statement of cash flows**  
**For the year ended 31 December 2011**

**In Qatari Riyals**

	<b>For the year ended 31 December 2011</b>	For the year ended 31 December 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	1,289,054,947	1,168,966,530
<i>Adjustments for:</i>		
Depreciation	111,976,324	89,370,198
Amortization of intangible assets	-	553,749
Impairment loss on other intangible assets	-	1,661,247
Impairment loss on property, plant and equipment	16,542,893	-
Impairment loss on available-for-sale financial assets	4,142,460	-
Impairment loss on trade of receivables	561,025	41,713,613
(Reversal of provision)/ provision for litigations	(100,000,000)	100,000,000
Reversal of provision for impairment of trade receivables	(41,539,511)	(112,144,880)
Loss from dilution of non-controlling interest	-	1,002,680
Loss on sale of property, plant and equipment	-	1,051,053
Provision for employees' end of service benefits	10,623,568	9,905,730
	<b>1,291,361,706</b>	1,302,079,920
<i>Changes in:</i>		
Trade receivables	(426,756,048)	94,869,057
Prepayments and other receivables	(32,656,876)	8,511,853
Inventories	(52,225,451)	(9,837,135)
Due from related parties	(385,675)	832,687
Due to a related party	(79,168,694)	403,857,103
Payable and accruals	114,854,631	(98,153,836)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>815,023,593</b>	1,702,159,649
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(385,392,773)	(210,106,047)
Acquisition of available-for-sale financial assets	(167,264,358)	(87,935,583)
<b>NET CASH (USED) IN INVESTING ACTIVITIES</b>	<b>(552,657,131)</b>	(298,041,630)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(346,500,000)	(315,000,000)
Dividends paid to non-controlling interest by a subsidiary	(70,000,000)	(50,000,000)
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>(416,500,000)</b>	(365,000,000)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>(154,133,538)</b>	1,039,118,019
Cash and cash equivalents at 1 January	2,903,458,119	1,864,340,100
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>2,749,324,581</b>	2,903,458,119

The attached notes from 1 to 29 form an integral part of these consolidated financial statements.

**1. LEGAL STATUS AND GENERAL INFORMATION**



**Notes to the consolidated financial statements**  
**For the year ended 31 December 2011**

Qatar Fuel Q.S.C (“WOQOD”) (“the Company” or “the Parent”) is a Qatari Shareholding Company formed in accordance with the Emiri Decree No 5 of 2002 on 10 February 2002 under the commercial registration No. 24872.

The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred as the “Group” and individually as “Group entities”). The principal activities of the Group are the sale and distribution of refined petroleum products produced by and transferred from Qatar Petroleum, vehicle inspection services and marine transport. The Group operates only in the State of Qatar through its lines of business. The Group’s major subsidiaries included in these consolidated financial statements are:

<b>Name of the company</b>	<b>Country of Incorporation</b>	<b>Ownership percentage</b>
Qatar Jet Fuel Company Q.S.C.	Qatar	60%
WOQOD Vehicle Inspection Company (“FAHES”) S.P.C.	Qatar	100%
WOQOD Marine Services Company S.P.C.	Qatar	100%
WOQOD International Company S.P.C.	Qatar	100%
WOQOD Kingdom Company S.P.C.	Kingdom of Saudi Arabia	100%

## **2. BASIS OF PREPARATION**

### **a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements of the Group were authorized for issue in accordance with a resolution of the Board of Directors on 26 February 2012.

### **b) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

### **c) Functional and presentation currency**

These consolidated financial statements are presented in Qatari Riyals, which is the Company’s functional currency. All financial information presented in Qatari Riyals has been rounded to the nearest Qatari Riyal except otherwise indicated.

### **d) Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 28.

In particular, information about assumptions and estimation uncertainties that could have a significant risk and result in a material adjustment in the next financial year are included in Notes 25 and 26 – Contingencies and Commitments.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

**Notes to the consolidated financial statements  
For the year ended 31 December 2011**

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The accounting policies set out below have been applied consistently all periods presented in these consolidated financial statements, and have been applied consistently by all Group entities.

**(a) Basis of consolidation****(i) Subsidiaries**

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity is controlled. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting year as the Parent using the same accounting policies.

**(ii) Loss of control**

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as available-for-sale financial assets depending on the level of influence retained.

**(iii) Non-controlling interests**

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from Parent’s equity. Losses applicable to the non-controlling interest in excess of the non-controlling interest are allocated to the non-controlling interest even if this results in a deficit balance to the non-controlling interest.

**(iv) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currency**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale financial assets, or qualifying cash flow hedges, if any, which are recognized in other comprehensive income.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Notes to the consolidated financial statements**  
**For the year ended 31 December 2011**

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**(c) Financial instruments**

**(i) *Non-derivative financial assets***

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are charged to the income statement.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets at the reporting date comprise quoted equity securities.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Notes to the consolidated financial statements**  
**For the year ended 31 December 2011**

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**(c) Financial instruments (continued)**

*(ii) Non-derivative financial liabilities*

The Group initially recognizes financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Non-derivative financial liabilities comprise trade and other payables and due to a related party.

*(iii) Share capital*

*Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**(d) Property, plant and equipment**

*(i) Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use.
- when the group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

*(ii) Subsequent costs*

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Notes to the consolidated financial statements**  
**For the year ended 31 December 2011**

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**(d) Property, plant and equipment (Continued)**

*(iii) Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Land, if any, is not depreciated.

The estimated useful lives of the depreciable assets are as follows:

Buildings and infrastructure	10-20 years
Plant and equipment	10-20 years
Vehicles, office equipment and furniture	5-10 years
Vessels	20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date, and adjusted if appropriate.

**(e) Inventories**

Inventories comprise refined petroleum products, maintenance materials and parts. Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(f) Impairment**

*(i) Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management’s judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Notes to the consolidated financial statements  
For the year ended 31 December 2011**

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**(f) Impairment (continued)**

*Receivables*

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment.

All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management’s judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

*(ii) Non-financial assets*

The carrying amounts of the Group’s non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Notes to the consolidated financial statements**  
**For the year ended 31 December 2011**

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**(f) Impairment (continued)**

*(ii) Non-financial assets (continued)*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(g) Employees' benefits**

The Group provides end of service benefits to its expatriate employees in accordance with Qatar labour law Qatar Labour Law No. 14 of 2004. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment. The Company has no expectation of settling its employees' terminal benefits obligation in the near future and has classified as a non-current liability.

With respect to its national employees, the Group makes contributions to the General Pension Fund Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

**(h) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Notes to the consolidated financial statements**  
**For the year ended 31 December 2011**

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**(i) Revenue recognition**

*a) Sale of refined oil and gas products and other goods*

Revenue from the sale of refined oil and gas products and other goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Transfer of risks and rewards for refined oil and gas products is based on the contractual delivery terms with the customers, as either FOB shipping/destination point.

*b) Rendering of services*

Revenue from services rendered is recognized in profit or loss when the service is provided to the customers.

The Group provides the services of vehicles inspection and other vehicles petrol stations services.

*c) Dividend income*

Dividend income is recognised in profit or loss on the date that the Group’s right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

*d) Interest income*

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

*e) Rental income*

Rental income from vessels is recognised in profit or loss on a straight-line basis over the term of the lease.

Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**(j) Lease payments**

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the contingency no longer exists and the lease adjustment is known.

**(k) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**



**Notes to the consolidated financial statements**  
**For the year ended 31 December 2011**

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**(l) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group’s business and geographical segments in Note 24. The Group’s primary format for segment reporting is based on business segments. The business segments are determined based on the Group’s management and internal reporting structure.

**(m) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated income statement.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the

Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group’s primary or the Group’s secondary reporting format determined in accordance with IFRS 8 Operating Segment.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in income statement.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

**(m) Business combinations and goodwill (continued)**

**Notes to the consolidated financial statements  
For the year ended 31 December 2011**

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Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re measured and settlement is accounted for within equity.

Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the income statement.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at year-end.

Where goodwill forms part of a cash-generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

If subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortized goodwill is recognized in the consolidated income statement.

**4. NEW STANDARDS AND INTERPRETATIONS*****(i) New standards, amendments and interpretations issued and effective from 1 January 2011******(a) IAS 24 (Revised) “Related party disclosures”***

The revised standard was issued in November 2009. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

The adoption of the revised standard did not have any significant impact on the related party disclosures of the Group.

***(b) Improvements to IFRS***

Improvements to IFRS issued in 2010 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. ‘Improvements to IFRS’ comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. There were no significant changes to the current accounting policies of the Group as a result of these amendments.

**4. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)**

**Notes to the consolidated financial statements**  
**For the year ended 31 December 2011**

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*(ii) New standards, amendments and interpretations issued but not yet effective*

*(a) IAS 1 (amendment) - “Presentation of items of other comprehensive income”*

The amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss.

The amendment is effective for annual periods beginning on or after 1 July 2012 with an option of early application.

The application of this amendment is not expected to have any no significant impact on the consolidated financial statements of the Group.

*(b) IAS 19 (2011) “Employee benefits”*

The amended IAS 19 includes the following requirements:

- actuarial gains and losses are recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and
- expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

The amended standard is effective for annual periods beginning on or after 1 January 2013 with an option of early adoption.

*(d) Amendment to IFRS 7 (amendment) – Disclosures: Transfer of financial assets*

The amendments to IFRS 7 introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments are effective for annual periods beginning on or after 1 July 2011, but entities are not required to provide the disclosures for any period presented that begins before the date of initial application of the amendments. Early adoption is permitted.

*(e) IFRS 9 “Financial Instruments”*

IFRS 9 was issued in November 2009 and amended in October 2010 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets and financial liabilities.

While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012. In its November 2011 meeting, the IASB tentatively decided to defer the mandatory effective date to 1 January 2015. The Group is yet to assess IFRS 9’s full impact.

**4. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)**

**Notes to the consolidated financial statements**  
**For the year ended 31 December 2011**

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*(ii) New standards, amendments and interpretations issued but not yet effective*

*(f) IFRS 10 - Consolidated financial statements and IAS 27 Separate Financial Statements (2011)*

IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when; it is exposed or has rights to variable returns from its involvement with that investee; it has the ability to affect those returns through its power over that investee; and there is a link between power and returns. Control is reassessed as facts and circumstances change.

IFRS 10 supersedes IAS 27 (2008) and SIC-12 Consolidation—Special Purpose Entities. The Group is yet to assess IFRS 10’s full impact

The standard is effective for annual periods beginning on or after 1 January 2013. Early adoption is permitted provided that the entire suite of consolidation standards is adopted at the same time. IFRS 10 is applied retrospectively when there is a change in the control conclusion between IAS 27/SIC-12 and IFRS 10. IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

*(i) IFRS 13 – “Fair value measurement”*

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The standard is effective for annual periods beginning on or after 1 January 2013 with an option of early adoption.

*(iii) Early adoption of standards*

The Group did not early adopt new or amended standards/interpretations in 2011.

## **5. DETERMINATION OF FAIR VALUES**

A number of the Group’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### **(i) Property, plant and equipment**

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

### **(ii) Equity securities**

The fair value of equity securities is determined by reference to their quoted closing bid price at the reporting date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**In Qatari Riyals**

**6. PROPERTY, PLANT AND EQUIPMENT**

	<b>Buildings and infrastructure</b>	<b>Plant and equipment</b>	<b>Vehicles, office, equipment and furniture</b>	<b>Vessels</b>	<b>Projects in progress</b>	<b>Total 2011</b>	<b>Total 2010</b>
<b>Cost</b>							
Balance at 1 January 2011	236,421,147	370,095,190	299,890,286	260,571,048	535,383,323	1,702,360,994	1,493,649,486
Additions	49,411,206	16,388,924	46,815,722	109,189	272,667,732	385,392,773	210,106,048
Transferred from projects in progress	63,274,480	32,059,008	17,600,950	-	(112,934,438)	-	-
Disposals	-	-	-	-	-	-	(1,394,540)
At 31 December	349,106,833	418,543,122	364,306,958	260,680,237	695,116,617	2,087,753,767	1,702,360,994
<b>Accumulated depreciation</b>							
Balance at 1 January 2011	40,501,466	104,413,470	126,413,223	42,441,417	-	313,769,576	224,742,864
Depreciation charges for the year	14,513,097	42,100,566	42,328,884	13,033,777	-	111,976,324	89,370,198
Disposals	-	-	-	-	-	-	(343,486)
Impairment	-	-	-	-	16,542,893	16,542,893	-
At 31 December	55,014,563	146,514,036	168,742,107	55,475,194	16,542,893	442,288,793	313,769,576
<b>Net carrying amount</b>							
<b>At 31 December 2011</b>	<b>294,092,270</b>	<b>272,029,086</b>	<b>195,564,851</b>	<b>205,205,043</b>	<b>678,573,724</b>	<b>1,645,464,974</b>	-
At 31 December 2010	195,919,681	265,681,720	173,477,063	218,129,631	535,383,323	-	1,388,591,418

*Note (i):*

The land, which the petrol stations are constructed on, is not owned or leased by the Company. The Company is occupying the land based on an allotment letter from the Ministry of Municipality and Urban Planning without a defined lease term or payments.

Notes to the consolidated financial statements  
For the year ended 31 December 2010

In Qatari Riyals

**7. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Available-for-sale financial assets represent investments in shares of listed entities on the Qatar Exchange. At the date of financial position, the details of the closing balances were as follows:

	<b>2011</b>	2010
Qatar Gas Transport Company Q.S.C.	164,942,291	111,776,000
Vodafone Qatar Company Q.S.C.	12,765,540	14,067,456
Industries Qatar Q.S.C.	107,938,012	99,161,418
Qatar Electricity and Water Company Q.S.C.	88,354,935	-
	<b>374,000,778</b>	<b>225,004,874</b>

The movement in available-for-sale financial assets balance during the year is illustrated as follows:

	<b>2011</b>	2010
At 1 January	225,004,874	148,602,720
Acquired during the year	167,264,358	87,935,583
Net movement in fair value reserve	(14,125,994)	(11,533,429)
Impairment	(4,142,460)	-
	<b>374,000,778</b>	<b>225,004,874</b>

**8. GOODWILL**

	<b>2011</b>	2010
Relating to Qatar Jet Fuel Company	57,700,022	57,700,022
Relating to FAHES	75,235,110	75,235,110
	<b>132,935,132</b>	<b>132,935,132</b>

An impairment review of the goodwill was undertaken by the management on 31 December 2011. This compared the carrying value of goodwill with the anticipated recoverable amounts of the subsidiaries Qatar Jet Fuel Company and FAHES, which are the cash-generating units to which the goodwill was allocated. The recoverable amounts of the cash-generating units are based on value in use, which is calculated from cash flow projections for 5 years ending 31 December 2016 using data from Board approved budgets. A key assumption for the value in use calculations was the discount rate represented in the Group's weighted average cost of capital of 8%. The Directors estimate discount rates that reflect the current market assessments of the time value of money and risks specific to the cash-generating units, and they consider the appropriate risk adjusted discount rate is 8%. Changes in revenue and direct costs are based on an assumed compound growth rate of 4%, as well as past experience and expectations of future changes in the market. The management concluded from this review that there had been no impairment to the goodwill during the year ended 31 December 2011.

Notes to the consolidated financial statements  
For the year ended 31 December 2010

In Qatari Riyals

**9. INVENTORIES**

	<b>2011</b>	2010
Jet fuel oil	65,996,569	48,228,152
Heavy fuel oil	59,887,104	53,822,730
Light gas fuel oil	34,811,630	25,576,197
Materials and spare parts	38,853,668	42,062,678
Refined fuel oil - premium grade	17,318,487	7,699,162
Refined fuel oil - super grade	16,737,349	11,973,421
Retail stores inventory	12,072,878	6,066,670
Other inventory items	4,538,849	2,562,072
	<b>250,216,534</b>	197,991,082

**10. RELATED PARTY TRANSACTIONS**

Related parties represent major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Group's Directors.

**a) Due from a related party**

	<b>2011</b>	2010
Ras Gas	25,116,056	24,260,621
Qatar Liquefied Gas Company Ltd. ("Qatar Gas")	16,131,346	28,668,333
Gulf Helicopters Q.S.C.	10,211,615	4,386,911
Gulf Drilling International ("GDI") Q.S.C.	5,148,442	1,680,120
Qatar Aluminium ("Qatalum")	1,432,239	-
Amwaj Catering Services	851,391	137,158
Qatar Fuel Additives Company ("QAFAC") C.Q.S.C.	730,375	344,256
Qatar Steel Company ("QASCO") Q.S.C.	604,853	563,678
Qatar Chemical Company Ltd. ("Q-Chem")	585,657	412,657
Qatar Petrochemical Company ("QAPCO") Q.S.C.	400,997	438,770
Qatar Fertiliser Company ("QAFCO") C.Q.S.C.	142,044	69,360
Oryx GTL	126,721	163,310
Qatar Vinyl Company ("QVC")	97,125	81,793
Seef Ltd.	26,650	18,090
Gasal Q.S.C.	5,221	-
	<b>61,610,732</b>	61,225,057

**b) Due to a related party**

	<b>2011</b>	2010
Qatar Petroleum	<b>1,530,063,880</b>	1,609,232,574

The above amount represents the balance of the current account with Qatar Petroleum which consists of normal purchases and service transactions. The outstanding balance is interest free.

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**10. RELATED PARTY TRANSACTIONS (CONTINUED)****b) Due to a related party**

The balance due to Qatar Petroleum is segregated between current and non-current liabilities as follows:

	2011	2010
Current liabilities	1,530,063,880	1,575,414,041
Non-current liabilities	-	33,818,533
	<b>1,530,063,880</b>	<b>1,609,232,574</b>

**c) Transactions with related parties**

Transactions with related parties included in the consolidated income statement are as follows:

Name of related party and nature of transactions	2011	2010
Qatar Petroleum.– Sales	<b>79,078,055</b>	128,405,175
Qatar Petroleum – Purchases	<b>8,103,190,430</b>	5,321,483,451

Sales transactions to Qatar Petroleum are at arm's length, and purchases from Qatar Petroleum are in accordance with contractual terms approved by the Directors.

**d) Compensation of key management personnel**

	2011	2010
Board of directors remuneration	17,007,493	10,792,751
Salaries and other short term benefits	9,396,571	5,872,857
Post-employment benefits	370,513	336,830
	<b>26,774,577</b>	<b>17,002,438</b>

**11. TRADE RECEIVABLES**

	2011	2010
Trade receivables	1,645,092,603	1,165,456,113
Notes receivable	202,442	53,082,884
	1,645,295,045	1,218,538,997
Less: Allowance for doubtful accounts	(735,127)	(41,713,613)
	<b>1,644,559,918</b>	<b>1,176,825,384</b>

All of the above receivables are either secured against a bank guarantee or are receivables from government agencies.



Notes to the consolidated financial statements  
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**11. TRADE RECEIVABLES (CONTINUED)**

The movement in the allowance for doubtful accounts in respect of trade and other receivables during the year was as follows:

	2011	2010
Balance at 1 January	41,713,613	112,144,880
Provided during the year ( <i>Note i</i> )	561,025	41,713,613
Reversal during the year	(41,539,511)	(112,144,880)
<b>Balance at 31 December</b>	<b>735,127</b>	<b>41,713,613</b>

*Note (i)*

The allowance for doubtful account expense of QR 561,025 relates to several customers that have indicated that they are not expecting to be able to pay their outstanding balances, mainly due to economic circumstances.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available.

**12. PREPAYMENTS AND OTHER RECEIVABLES**

	2011	2010
Advances to suppliers and contractors	13,157,461	13,925,699
Advances for purchase of investments	26,316,761	3,822,533
Staff advances and loans	2,574,507	20,312,613
Accrued income	23,527,649	12,705,763
Refundable deposits	14,603,416	8,689,082
Prepaid expenses	10,070,334	4,446,229
Interest receivable	5,176,140	1,016,051
Other receivables	4,831,631	2,683,053
	<b>100,257,899</b>	<b>67,601,023</b>

**13. CASH AND BANKS**

	2011	2010
Cash on hand	727,910	491,119
<i>Balances with banks</i>		
Current and call accounts	1,200,391,684	1,500,961,988
Fixed deposits	1,548,204,987	1,402,005,012
	<b>2,749,324,581</b>	<b>2,903,458,119</b>

The term deposits carry an interest rate between 1.70 % and 2% (2010: 3.00 %)

**Notes to the consolidated financial statements  
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**In Qatari Riyals**

**14. SHARE CAPITAL**

	<b>2011</b>	2010
Authorised: 100,000,000 ordinary shares of QR 10 each	<b>1,000,000,000</b>	1,000,000,000
Issued: 41,580,000 ordinary shares of QR 10 each (2010: 31,500,000 shares)	<b>415,800,000</b>	346,500,000

All shares are of equal class and voting rights. During the current year, the Parent has issued bonus shares equivalent to 20% (2010: 10%) of the paid up capital as at 31 December 2010 amounting to QR 69,300,000 equivalent to 6,930,000 shares (2010: QR 31,500,000 equivalent to 3,150,000 shares) as approved by the Annual General Assembly held on 16 March 2011.

**15. LEGAL RESERVE**

As required by Qatar Commercial Companies' Law No. 5 of 2002, and the Group's Articles of Association, a minimum of 10% of the net profit for the year should be transferred to legal reserve each year until this reserve equals 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above mentioned Law.

As the reserve has already exceeded 50% of the share capital, there are no transfers from net profit for the year to legal reserve.

**16. PROVISIONS**

In 2010, the Directors of the Group decided to make a provision of QR 100 million for a litigation raised by a counter party to the Group. The provision amount was based on the best estimate of the probable unfavourable outcome on the Group as a result of this litigation, as assessed by the Group's legal advisor at the reporting date.

Effective on 4 October 2011, Qatar Petroleum and WOQOD concluded an amicable settlement agreement ("the Agreement") with Maritime Industrial Services ("MIS" or "Sub-contractor") to finally and fully settle all legal, commercial and contractual claims, demands, and causes of legal dispute with a payment of QR 84 million to MIS which has been recapitalised under project in progress in the current year.

The Directors decided that the provision, which was recorded based on the best available information at that time, is no longer needed and has been accordingly reversed.

**17. PAYABLES AND ACCRUALS**

	<b>2011</b>	2010
Suppliers and contractors payable	83,745,453	43,216,861
Retention payable	39,934,345	31,220,629
Dividends payable	49,541,147	44,317,104
Deposits from others	24,000,725	11,115,900
Accrued expenses	52,191,799	12,673,868
Other payables	39,435,073	31,449,549
	<b>288,848,542</b>	173,993,911

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**18. REVENUE**

	<b>2011</b>	2010
Sales of refined petroleum products	9,795,487,665	7,097,200,161
Sales of petrol stations	471,268,470	336,779,808
Transportation and storage revenues	186,425,434	182,809,342
Revenues from inspection services	43,840,360	41,479,295
Sales of lubricants and supplies	7,338,160	4,545,375
	<b>10,504,360,089</b>	<b>7,662,813,981</b>

**19. OTHER INCOME**

	<b>2011</b>	2010
Interest income	45,727,531	58,189,673
Reversed allowance for doubtful accounts (Note 11)	41,539,511	112,144,880
Road Tanker rental income	18,783,117	-
Dividend income	4,200,000	2,800,000
Vessels rental income	28,482,232	-
Miscellaneous income	29,613,912	23,054,021
	<b>168,346,303</b>	<b>196,188,574</b>

**20. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2011</b>	2010
Staff benefits	367,263,843	298,900,980
Depreciation	104,532,318	89,370,198
Advertising and subscriptions	13,830,907	12,074,211
Board of Directors remuneration and other committees allowances	33,995,523	11,340,753
Immigration expenses	3,389,984	3,536,134
Rent expenses	6,985,296	9,818,056
Insurance charges	9,739,465	10,200,356
Utilities charges	4,545,118	3,448,509
Communication expenses	5,030,054	2,596,012
Travel expenses	2,696,984	2,970,025
Customs clearing	2,630,311	1,945,623
Social and sports fund provision	29,605,715	27,542,561
Allowance for doubtful accounts expense (Note 11.i)	561,025	41,713,613
Other general and administrative expenses	45,821,881	29,241,493
	<b>630,628,424</b>	<b>544,698,524</b>

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**21. IMPAIRMENT LOSSES**

	<b>2011</b>	2010
Impairment of other intangible assets	-	1,661,247
Impairment losses for advances to suppliers	-	188,900
Impairment of other debit balances	-	975,996
Impairment of property, plant and equipment	16,542,893	-
Impairment of available-for-sale financial assets	4,142,460	-
	<b>20,685,353</b>	2,826,143

**22. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit attributed to the Parent shareholders for the year by the weighted average number of shares outstanding during the year.

	<b>2011</b>	2010
Net profit attributable to the Parent's shareholders for the year	1,154,622,871	1,074,159,882
Weighted average number of shares outstanding during the year (Note i)	41,580,000	41,580,000
<b>Basic and diluted earnings per share (QR)</b>	<b>27.77</b>	25.83

There were no potentially dilutive shares outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

**Note i:**

Basic earnings per share for the comparative year ended 31 December 2010 was restated due to the effect of bonus shares issued during the current year.

**23. DIVIDENDS**

In its General Assembly Meeting dated 16 March 2011, the shareholders of the Group approved declaring QR 10 per share totalling to QR 346,500,000 as cash dividends to be distributed from 2010 net profit, in addition to 20% bonus shares issue totalling to 6,930,000 shares to its existing shareholders as of that date.

**24. SEGMENT INFORMATION**

The Group mainly operates in the areas of sale and distribution of refined petroleum products, technical inspection of vehicles and marine transportation. More than 95% of the Group's revenue is generated through sale and distribution of refined petroleum products.

The Company's geographical segment is inside Qatar only.

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**24. SEGMENT INFORMATION**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters) and head office expenses.

2011	Refined petroleum products	Technical inspection of vehicles	Marine transportation	Total 2011
External revenue	10,456,076,009	43,840,360	-	10,499,916,369
Inter-segment revenue	5,051,515,764	-	-	5,051,515,764
Reportable segment profit	1,269,790,468	19,264,479	-	1,289,054,947
Reportable segment assets	6,846,473,725	111,896,822	-	6,958,370,547

2010	Refined petroleum products	Technical inspection of vehicles	Marine transportation	Total 2010
External revenue	7,616,789,311	41,479,295	4,545,375	7,662,813,981
Inter-segment revenue	3,119,979,264	-	-	3,119,979,264
Reportable segment profit	1,153,188,589	15,777,941	-	1,168,966,530
Reportable segment assets	6,061,313,556	92,318,533	-	6,153,632,089

**25. CONTINGENT LIABILITIES**

	2011	2010
Bank guarantees	300,000	210,000
Letters of credit	12,545,230	11,853,479

The Group anticipates that no material liabilities will arise from the above guarantees and letters of credits, which are issued in the ordinary course of business.

**26. CONTRACTUAL COMMITMENTS**

	2011	2010
Heavy fuel oil project	-	325,000,000
Construction of petrol stations	108,000,000	53,565,310
	<b>108,000,000</b>	<b>378,565,310</b>

**27. FINANCIAL INSTRUMENTS****Governance framework**

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The primary objective of the Group's risk and financial management framework is to protect the shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The Group has not yet established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is to be supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. A Group's risk management policy framework which sets out the risk profiles for the Group, risk management, control and business conduct standards for the Group's operations will be put in place in the near future.

**Capital management framework**

The Group is in the process of establishing an internal risk management framework for identifying risks to which each of its business units and the Group as a whole are exposed, quantifying their impact on economic capital. The internal framework estimates will indicate how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk applied to a number of tests (both financial and non-financial) on the capital position of the business.

**Regulatory framework**

The operations of the Group are subject to regulatory requirements within the State of Qatar.

**(a) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

***Exposure to credit risk***

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>Carrying amounts</b>	
	<b>2011</b>	<b>2010</b>
Due from related parties	61,610,732	61,225,057
Trade receivables	1,644,559,918	1,176,825,384
Cash and bank balances	2,749,324,581	2,903,458,119
	<b>4,455,495,231</b>	<b>4,141,508,560</b>

***Trade receivables***

Trade receivables are represented in trade receivables, accrued revenues and interest receivable. Credit risk on trade receivables is minimal as Group's has established a credit policy under which each new customer is analysed individually for creditworthiness before granting credits to its clients. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Pricing Committee; these limits are reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

**27. FINANCIAL INSTRUMENTS (CONTINUED)**

**(a) Credit risk (Continued)**

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The Group establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

**Impairment losses**

The ageing of trade and other receivables at the reporting date that were not impaired was as follows

	<b>2011</b>	2010
	712,563,466	626,054,660
Trade receivables not past due		
Trade receivables past due and not impaired		
Up to 30 days	611,464,220	283,691,547
31 to 60 days	61,342,366	55,208,129
61 to 90 days	21,856,490	16,279,925
91-180 Days	21,495,358	15,046,751
181-360 Days	37,470,443	41,217,487
Beyond 361 Days	178,900,260	127,957,615
	<b>1,645,092,603</b>	<b>1,165,456,113</b>

**Bank balances**

Credit risk on bank balances is limited as they are placed with local and foreign banks having good credit ratings assigned by international credit rating agencies.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has strong liquidity position, being at the statement position date, the Group's current ratio was 2.64 times (2010: 2.52 times on 31 December 2010).

The following are the contractual maturities of financial liabilities (all are non-derivative), including interest payments, if any, and excluding the impact of netting agreements:

<b>31 December 2011</b>	<b>Carrying amount</b>	<b>Gross un-discounted contractual cash out flows</b>	<b>Less than 1 year</b>	<b>1 – 5 Years</b>	<b>More than 5 years</b>
Due to a related party	1,530,063,880	1,530,063,880	1,530,063,880	-	-
Trade and other payables	288,848,542	288,848,542	288,848,542	-	-
	<b>1,818,912,422</b>	<b>1,818,912,422</b>	<b>1,818,912,422</b>	-	-

**27. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Liquidity risk**

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In Qatari Riyals

31 December 2010	Carrying Amount	Gross un-discounted contractual cash out flows	Less than 1 year	1 – 5 Years	More than 5 years
Due to a related party	1,609,232,574	1,609,232,574	1,575,414,041	33,818,533	-
Trade and other payables	173,993,911	173,993,911	173,993,911	-	-
	1,783,226,485	1,783,226,485	1,749,407,952	33,818,533	-

**(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*(i) Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's functional currency and significant foreign currency transactions are denominated in currencies pegged with United States Dollar ("USD"). Therefore the management is of the opinion that the Group's exposure to currency risk is minimal.

A sensitivity analysis was not disclosed as the Group has no significant exposure to currency risk. At the reporting date the outstanding payable and receivable balances denominated in foreign currencies were minimal.

*(ii) Equity price risk*

Equity price risk is the risk that the fair values of equity decreases as a result of changes in price indices of investments in other entities' equity instruments as part of the Group's investment portfolio.

The effect on equity as a result of changes by 10% in fair values of the investment in equity instruments designated as available-for-sale financial assets on the consolidated shareholders' is assessed as follows:

	10 % Increase	10 % Decrease
2011	37,400,077	(37,400,077)
2010	22,500,487	(22,500,487)

**27. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Market risk (continued)***(iii) Interest rate risk*



**Notes to the consolidated financial statements**  
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**In Qatari Riyals**

The majority of the Group's financial assets are non-interest bearing. While all the Group's financial liabilities are non-interest bearing. As a result, the Group is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested in fixed deposits at short-term market interest rates, hence the Group's only interest bearing financial statement element is the fixed deposits with banks.

**2011**

	<b>Interest bearing</b>	<b>Non-interest bearing</b>	<b>Total</b>
<i>Assets</i>			
Due from related parties	-	61,610,732	61,610,732
Trade and other receivables	-	1,644,559,918	1,644,559,918
Cash at bank	2,749,324,581	-	2,749,324,581
	<b>2,749,324,581</b>	<b>1,706,170,650</b>	<b>4,455,495,231</b>
<i>Liabilities</i>			
Trade and other payables	-	288,848,542	288,848,542
Due to related party	-	1,530,063,880	1,530,063,880
	-	<b>1,818,912,422</b>	<b>1,818,912,422</b>

**2010**

	<b>Interest bearing</b>	<b>Non-interest bearing</b>	<b>Total</b>
<i>Assets:</i>			
Due from related parties	-	61,225,057	61,225,057
Trade and other receivables	-	1,176,825,384	1,176,825,384
Cash at Bank	2,865,032,136	38,425,983	2,903,458,119
	2,865,032,136	1,276,476,424	4,141,508,560
<i>Liabilities:</i>			
Trade and other payables	-	173,993,911	173,993,911
Due to related party	-	1,609,232,574	1,609,232,574
	-	<b>1,783,226,485</b>	<b>1,783,226,485</b>

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

**Capital risk management**

The Group's objectives when managing capital are, to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group's overall strategy remains unchanged from 2010. The capital structure of the Group consists of related party payables, which includes due to Qatar Petroleum disclosed in note 10.c, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

Management reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and associated risks.

**27. FINANCIAL INSTRUMENTS (CONTINUED)**

**Capital risk management (continued)**

**Notes to the consolidated financial statements**  
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Capital is monitored on the basis of the bearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total due to related party balances less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position.

	2011	2010
Due to Qatar Petroleum	1,530,063,880	1,609,232,574
Less: cash and cash equivalents	(2,749,324,581)	(2,903,458,119)
<b>Excess of cash and cash equivalents over debt</b>	<b>(1,219,260,701)</b>	<b>(1,294,225,545)</b>

The Group does not use bearing in financing its operating and investing activities, as there is excess of cash and cash equivalents than debt as illustrated above.

**28. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION  
 UNCERTAINTY**

**a) Critical accounting judgments**

***Impairment of receivables***

An estimate of the collectible amount of trade receivable and advances is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. As trade receivables are either guaranteed by bank guarantees covering the outstanding balances, or are due from Governmental entities, the risk for impairment of receivables is considered to be low, however the Group applies a conservative policy regarding providing for any amounts assessed as doubtful in full balance.

Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

***Classification of investment securities***

On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through profit or loss" or "available-for-sale". The Group follows the guidance of IAS 39 on classifying its investments. The Group classifies investments as "at fair value through profit or loss" if they are acquired primarily for the purpose of short term profit making and cash generation. All other investments are classified as "available-for-sale". The Group accounts for investments in equity securities as investment in associate only when significant influence over the investee's operations can be proved to exercise, else and regardless of the ownership share, the investment is classified as available-for-sale .

***Useful lives of property, plant and equipment***

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

**28. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION  
 UNCERTAINTY (CONTINUED)**

**a) Critical accounting judgments - Valuation of financial instruments**

**Notes to the consolidated financial statements**  
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**In Qatari Riyals**

***Valuation of financial instruments***

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

**2011**

***Financial assets at fair value:***

Available-for-sale investments

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Available-for-sale investments	<b>374,000,778</b>	-	-	<b>374,000,778</b>

2010

***Financial assets at fair value:***

Available-for-sale financial assets

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	225,004,874	-	-	225,004,874

**28. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

**b) Estimation uncertainty**

**Notes to the consolidated financial statements  
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***Impairment of available-for-sale financial assets***

The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires considerable judgment. The Group treats “significant” generally as 20% or more and ‘prolonged’ greater than six (6) months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities, if any.

***Impairment of non-financial assets***

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill embedded in the cost of acquisition of subsidiaries and other indefinite life intangibles, if any, are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

**29. COMPARATIVE FIGURES**

The corresponding figures presented for 2010 have been reclassified where necessary to preserve consistency with the 2011 figures. However, such reclassifications did not have any effect on the comprehensive income or the total equity for the comparative period.